

110TH CONGRESS
1ST SESSION

S. 130

To amend title XVIII of the Social Security Act to extend reasonable cost contracts under Medicare.

IN THE SENATE OF THE UNITED STATES

JANUARY 4, 2007

Mr. ALLARD (for himself and Mr. SALAZAR) introduced the following bill;
which was read twice and referred to the Committee on Finance

A BILL

To amend title XVIII of the Social Security Act to extend
reasonable cost contracts under Medicare.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Medicare Cost Con-
5 tract Extension and Refinement Act of 2007”.

6 **SEC. 2. EXTENSION OF REASONABLE COST CONTRACTS.**

7 (a) EXTENSION OF PERIOD REASONABLE COST
8 PLANS CAN REMAIN IN THE MARKET.—Section
9 1876(h)(5)(C)(ii) of the Social Security Act (42 U.S.C.
10 1395mm(h)(5)(C)(ii) is amended—

1 (1) in the matter preceding subclause (I)—

2 (A) by striking “January 1, 2008” and in-
3 serting “January 1, 2013”;

4 (B) by striking “year” and inserting “two
5 years”; and

6 (C) by inserting “entirely” after “was”;

7 (2) in subclause (I), by inserting “, provided
8 that all such plans are not offered by the same
9 Medicare Advantage organization” before the semi-
10 colon at the end; and

11 (3) in subclause (II), by inserting “, provided
12 that all such plans are not offered by the same
13 Medicare Advantage organization” before the semi-
14 colon at the end.

15 (b) EXTENSION OF PERIOD REASONABLE COST
16 PLANS CAN EXPAND THEIR SERVICE AREA.—Section
17 1876(h)(5)(B)(i) of the Social Security Act (42 U.S.C.
18 1395mm(h)(5)(B)(i)) is amended to read as follows:

19 “(i) the conditions for prohibiting an extension
20 or renewal of a contract under subparagraph (C)(ii)
21 are not applicable to such service area at the time
22 of the application.”.

1 **SEC. 3. APPLICATION OF CERTAIN MEDICARE ADVANTAGE**
 2 **REQUIREMENTS TO COST CONTRACTS EX-**
 3 **TENDED OR RENEWED AFTER 2003.**

4 Section 1876(h) of the Social Security Act (42 U.S.C.
 5 1395mm(h)), as amended by section (2), is amended—

6 (1) by redesignating paragraph (5) as para-
 7 graph (6); and

8 (2) by inserting after paragraph (4) the fol-
 9 lowing new paragraph:

10 “(5)(A) Any reasonable cost reimbursement contract
 11 with an eligible organization under this subsection that is
 12 extended or renewed on or after the date of enactment
 13 of the Medicare Cost Contract Extension and Refinement
 14 Act of 2005 shall provide that the provisions of the Medi-
 15 care Advantage program under part C described in sub-
 16 paragraph (B) shall apply to such organization and such
 17 contract in a substantially similar manner as such provi-
 18 sions apply to Medicare Advantage organizations and
 19 Medicare Advantage plans under such part.

20 “(B) The provisions described in this subparagraph
 21 are as follows:

22 “(i) Section 1851(d) (relating to the provision
 23 of information to promote informed choice).

24 “(ii) Section 1851(h) (relating to the approval
 25 of marketing material and application forms).

1 “(iii) Section 1852(a)(3)(A) (regarding the au-
2 thority of organizations to include mandatory sup-
3 plemental health care benefits under the plan subject
4 to the approval of the Secretary).

5 “(iv) Section 1852(e) (relating to the require-
6 ment of having an ongoing quality improvement pro-
7 gram and treatment of accreditation in the same
8 manner as such provisions apply to Medicare Advan-
9 tage local plans that are preferred provider organiza-
10 tion plans).

11 “(v) Section 1852(j)(4) (relating to limitations
12 on physician incentive plans).

13 “(vi) Section 1854(c) (relating to the require-
14 ment of uniform premiums among individuals en-
15 rolled in the plan).

16 “(vii) Section 1854(g) (relating to restrictions
17 on imposition of premium taxes with respect to pay-
18 ments to organizations).

19 “(viii) Section 1856(b)(3) (relating to relation
20 to State laws).

21 “(ix) Section 1857(i) (relating to Medicare Ad-
22 vantage program compatibility with employer or
23 union group health plans).

- 1 “(x) The provisions of part C relating to
- 2 timelines for contract renewal and beneficiary notifi-
- 3 cation.”.

